GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

STARRED QUESTION NO:393
ANSWERED ON:17.12.2002
COST OF PRODUCTION OF UREA
BIR SING MAHATO;RATNA SINGH

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the Government have made any efforts to reduce the cost involved in the production of urea;

(b) if so, the details of the efforts made during the last three years in this direction;

(c) if not, the reasons therefor;

(d) whether the cost is increasing due to extravagant expenditure by the concerned officials; and

(e) if so, the reaction of the Government thereto?

Answer

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI SUKHDEV SINGH DHINDSA)

(a) to (e): A statement is laid on the table of the House.

Statement referred to in reply to parts (a) to (e) of Lok Sabha Starred Question No. 393 to be answered on 17.12.2002

(a) to (e): Improving the efficiency of urea producing units with the objective of bringing down the cost of production and controlling the subsidy outgo is an ongoing exercise of the Government. Keeping that in mind, policy parameters governing the determination of retention prices of urea units were recently revised for the 7th and 8th pricing periods and which have been notified to urea companies on 4.6.2002. The 7th Pricing Periodwill cover the period from 1.7.1997 to 31.3.2000, the 8th Pricing Period willcover the period from 1.4.2000 to 31.3.2003 or till the new pricing policy comes into existence, whichever is earlier. While finalising the policy parameters for the 7th and 8th Pricing Periods, the parameters pertaining to plant capacity, capacity utilization norm, consumption norms have been updated and revised. Vintage allowance of 5% both in respect of capacity utilization and consumption norms, which was allowed to urea units which have been in operation for 10 years or more, has also been withdrawn in phased manner during the 7th pricing period and completely w.e.f. 1.4.2000. Updation/revision of these norms has contributed towards bringing down the cost of production of urea.